

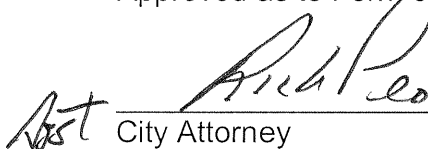
08R-51

MOTION TO AMEND NO. 1

I hereby move to amend Bill No. 08R-51 by accepting the substitute City of Lincoln Redevelopment Agreement (Sawmill Project, Phase One of the North Haymarket Arts and Humanities Center Block) attached hereto.

Introduced by:

Approved as to Form & Legality:


City Attorney

Requested by: Law Department

Reason for Request: To incorporate the changes made to paragraphs 11 and 16 as agreed upon by the parties.

CITY OF LINCOLN
REDEVELOPMENT AGREEMENT
(Sawmill Project, Phase One of the
North Haymarket Arts and Humanities Center Block)

THIS REDEVELOPMENT AGREEMENT (Sawmill Project) is entered into between the **CITY OF LINCOLN, NEBRASKA**, a municipal corporation in the State of Nebraska (“City”), and **SAWMILL BUILDING PARTNERSHIP**, a Nebraska general partnership (“Redeveloper”).

RECITALS

A. The City has undertaken a program for the redevelopment of blighted and substandard areas in the City of Lincoln, Nebraska. As part of that program the City has prepared and approved the Sawmill Redevelopment Project, Phase One of the North Haymarket Arts and Humanities Center Block (“Sawmill Redevelopment Project”) as part of the Lincoln Center Redevelopment Plan (“Redevelopment Plan”) a copy of which, together with any and all amendments thereto, is on file in the Office of the City Clerk of the City (“City Clerk”). The Redevelopment Plan has been adopted in compliance with the Nebraska Community Development Law codified at *Neb. Rev. Stat* §§18-2101 through 18-2144 (the “Act”). The Sawmill Project is anticipated to be the first phase of future phases of the North Haymarket Arts and Humanities Center Block (Block 21) redevelopment efforts.

B. The Sawmill Redevelopment Project in the Redevelopment Plan calls for the City to support commercial redevelopment efforts to redevelop an existing building into a modern,

mixed-use office/retail building on the West One-Half of Lot 3 and all of Lots 4 through 6, Block 21, Original Plat, Lincoln, Lancaster County, Nebraska, a/k/a 821 S Street and 440 North 8th Street, Lincoln, Nebraska (“Project Site”). The Sawmill Redevelopment Project area (“Project Area”) includes the Project Site, the entire east-west alley in Block 21, and those portions of 8th, 9th, and S Streets shown on “Exhibit 1” which is attached hereto and incorporated herein by reference.

C. Neb. Rev. Stat. § 18-2103(12) (Reissue 1997) authorizes the City to carry out plans for a program of compulsory repair and rehabilitation of buildings and other improvements in connection with redevelopment of the Project Site and to pay for the same from TIF funds.

D. Neb. Rev. Stat. § 18-2107 (Reissue 1997) authorizes the City to enter into contracts with redevelopers of property containing covenants and conditions regarding the use of such property as the City may deem necessary to prevent the recurrence of substandard and blighted areas.

E. Redeveloper is willing to enter into this Agreement and through a minimum investment of Two Million Seven Hundred Thousand and No/100 Dollars (\$2,700,000) to redevelop the Project Site by remodeling, refurbishing and redeveloping an existing building located on said site into approximately 21,000 square feet of office/retail use, as provided in this Agreement, all as described on “Exhibit 2” which is attached hereto and incorporated herein by this reference (“Redeveloper Improvements”), provided City is willing to: (i) vacate the east-west alley in Block 21, Original Plat, Lincoln, Lancaster County, Nebraska (“East-West Alley”) as shown on Exhibit 3 attached hereto, (ii) vacate S Street between 8th Street and 9th Street as shown on Exhibit 3, and (iii) carry out the Sanitary Sewer Improvements, LES Electric Improvements, S Street Streetscape Improvements and S Street Public Access Improvements generally as shown in Exhibits 4, 5 and

6, respectively, attached hereto (collectively “Public Improvements”) to the extent Tax Increment Revenues are available. Said Public Improvements are more particularly described in Paragraph 14 below. The City and Redeveloper agree that such assistance is deemed essential to preparation, operation and maintenance of the Project Site for office/retail space and to encourage redevelopment of other surrounding properties, including the potential subsequent phases of the North Haymarket Arts and Humanities Center Block redevelopment efforts; provided, however, that the Public Improvements will be funded based upon the available Tax Increment Revenues and the priorities as shown in Paragraph 14 below.

F. The City is willing to support redevelopment of the Project Site in accordance with the Redevelopment Project provided Redeveloper is willing to restrict the use of the Project Site to certain approved uses and is further willing to agree to covenants and conditions regarding compulsory maintenance and upkeep of the Redeveloper Improvements to prevent a recurrence of substandard and blighted conditions.

G. Pursuant to Neb. Rev. Stat. § 18-2147, et seq., the Redevelopment Plan contains a provision which provides that any ad valorem tax levied upon real property in the Redevelopment Project for the benefit of any public body shall be divided, for a period not to exceed fifteen years, after the effective date of such provision by the governing body as follows:

- That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such public body upon the Redevelopment Project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body; and
- That portion of the ad valorem tax on real property in the Redevelopment Project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principle of the interest on, and any premiums due in connection with the bonds of, loans, notes, or

advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing in whole or in part, the Redevelopment Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon taxable real property in such Redevelopment Project shall be paid into the funds of the respective public bodies.

Said provision is hereinafter referred to as the “Ad Valorem Tax Provision.”

H. Neb. Rev. Stat. § 18-2103(b) (Reissue 1997) authorizes the City to construct or reconstruct public utilities, sidewalks, and other necessary public improvements in order to accomplish rehabilitation or redevelopment of the Project Site in accordance with the Redevelopment Plan. In order to construct the Public Improvements, the City intends to issue tax increment financing indebtedness (“TIF Bond”) to be repaid with the tax increment revenues generated under the Ad Valorem Tax Provision (“TIF Tax Revenues”).

I. The City and Redeveloper desire to enter into this Agreement to implement the Redevelopment Project for the above purposes and in accordance with the Redevelopment Plan.

J. The City and Redeveloper mutually agree that the redevelopment of the Project Site is in the vital and best interest of the City and is in furtherance of the health, safety, and welfare of its residents, and is in accordance with the public purposes and provisions of applicable laws and requirements under which the Redevelopment Plan has been undertaken.

NOW, THEREFORE, in consideration of the above recitals which are hereby made part of this Agreement and of the mutual covenants contained herein the parties do agree as follows:

1. Design Documents. Redeveloper has prepared Schematic Design Plans and Construction Documents (hereinafter “Design Documents”) for the Redeveloper Improvements and the same have been reviewed and approved by the City’s Director of Urban Development.

Redeveloper shall submit any material changes in the Design Documents as approved to the Director of Urban Development for his review and approval.

2. Construction of Redeveloper Improvements. Redeveloper at its own cost and expense shall construct the Redeveloper Improvements in accordance with the approved Design Documents. Redeveloper agrees to use commercially reasonable efforts to substantially complete construction of the Redeveloper Improvements as provided for in paragraph 8 below. The City shall not be liable nor be required to reimburse Redeveloper for any costs incurred by Redeveloper for the Redeveloper Improvements in the event this Agreement is not approved for any reason, including for reasons alleged to be the fault of the City.

3. Lien Waivers. If requested by the City, the Redeveloper shall obtain and supply the City with lien waivers from all contractors, subcontractors and suppliers performing any work on the Redeveloper Improvements or supply any goods for construction of the Redeveloper Improvements. In addition, the City shall be entitled to inspect at reasonable times all records of the Redeveloper or its agents regarding such lien waiver procedures.

4. Indemnification. Redeveloper agrees to indemnify and hold City harmless to the extent of any payments in connection with carrying out construction of the Redeveloper Improvements the City may be required to make for failure of Redeveloper or Redeveloper's contractor to make payments of all amounts lawfully due to all persons supplying or furnishing Redeveloper's contractor or his or her subcontractors with labor or materials performed or used in construction of the Redeveloper Improvements.

5. Duty to Maintain. Redeveloper shall, following construction, operate the Redeveloper Improvements in a safe and sanitary manner and shall take all action reasonably necessary to (a) maintain, in good order and condition and state of repair, all interior and exterior

portions of the building including the routine and reasonable preventive maintenance of the building and its service facilities such as the wiring, plumbing, heating and air conditioning systems, interior insect treatment, and all glass including plate glass, exterior doors and automatic doors, and (b) maintain the grounds in a safe and sanitary condition including but not limited to sweeping and removal of trash, litter and refuse, painting and striping parking areas, repair and replacement of paving as reasonably necessary, maintenance of landscaped areas (including replacement and replanting), removal of snow and ice from sidewalks, driveways, and parking areas, in order to keep the same free from dilapidation or deterioration and free from conditions which endanger life or property by fire or other causes. This Paragraph shall survive the Tax Increment Period and continue thereafter.

6. Use Restrictions. Redeveloper agrees that during the Tax Increment Period no portion of the Project Site shall be used for any of the following purposes:

a. Any business engaged in the retail sale of alcoholic beverages, except as part of the operation of a restaurant, or any such business that has an unreasonable pattern of unlawful disturbances or liquor law violations. For the purposes of this subparagraph, restaurant shall mean any place (i) which is kept, used, maintained, advertised, and held out to the public as a place where meals are served and where meals are actually and regularly served and (ii) which has adequate and sanitary kitchen and dining room equipment and capacity and a sufficient number and kind of employees to prepare, cook, and serve suitable food for its guests;

b. Any business whose predominant operation is the retail sale of tobacco products (predominant shall mean retail gross sales of tobacco products, including mixed products, in excess of 75% of gross sales on the premises) or any such

business that has an unreasonable pattern of unlawful disturbances or tobacco law violations;

c. Any business operated or held out to the public as a sexually oriented business including any business in sexually oriented entertainment or materials such as any sexually oriented show, movie, picture, exhibition, performance, demonstration, film, video, book, or other depictions of a sexually explicit nature; sexually oriented live entertainment or exotic dance; exotic lingerie; sex toys or sexually oriented paraphernalia; sexually oriented telecommunication, internet or similar service; sexually oriented massage parlor; or escort service.

d. Any business whose predominant operation is the use, storage or processing of hazardous or potentially hazardous materials as defined under applicable law, including any service station, salvage or recycling operation, car wash, dry cleaning, vehicle body repair, paint, refinishing, or parts and equipment cleaning business; provided nothing herein shall be construed to prohibit dry cleaning pickup facility, convenience, food or petroleum store.

e. Any business involving gambling or wagering even if otherwise permitted by law including slot machines, video lottery machines, casino games, or off-site pari-mutual wagering sites, but excluding keno, bingo, and the retail sale of lottery tickets as permitted by applicable law.

f. Any business involving the sale or display of weapons, self service laundromat, off-site outdoor advertising on the premises (except for the historic "Haymarket" billboard), cell tower, radio telecommunication or other communication tower, illegal activities, or sale of any illegal goods or products.

7. Administration. Redeveloper shall be responsible for all components of the Redeveloper Improvements, including construction management, coordination of contractors and regulatory permitting and other requirements. The Redeveloper will be solely responsible for payment of all construction cost attributable to the Redeveloper Improvements regardless of any expectation for reimbursement hereunder.

8. Construction. Redeveloper will use its best efforts to substantially complete construction of the Redeveloper Improvements within six (6) months following the execution of this Agreement.

9. Grant of Easements to City. Redeveloper will grant or convey to the City without additional consideration any necessary permanent and/or temporary construction easements on, over, or across the Project Site as may be required to construct the Public Improvements. Easements presently identified as being necessary are shown on Exhibits 4, 5 and 6 and shall survive the Tax Increment Period and continue thereafter.

10. Construction of Public Improvements. The City, utilizing available TIF Proceeds from the Project Account, shall use its best efforts to design and construct the Public Improvements within six (6) months of the execution of this Agreement.

11. Conveyance of Vacated S Street and Vacated East-West Alley.

a. Vacated S Street. In the event S Street between 8th and 9th Street is vacated, the City agrees to (1) retain title to vacated S Street and construct a surface parking lot thereon (S Street Public Parking Lot Improvements); or (2) convey said vacated S Street to Redeveloper at its fair value. Said conveyance shall be subject to the City's retention of easements as shown on Exhibit 6.

In the event the City retains title to vacated S Street and constructs the S Street Public Parking Lot Improvements thereon, the driving aisle and parking lot stalls shall be generally constructed in the same configuration as the public access easement and private parking lot stalls shown on Exhibit 6 and the Redeveloper shall have the right of first refusal to lease the parking lot stalls abutting the Project Site under parking permits issued by the City at the then current monthly rates charged other monthly parkers in the Iron Horse Lot at 7th and Q Streets.

b. Vacated East-West Alley. The City agrees to vacate the East-West Alley and convey the same to the abutting owners without additional consideration, except for the grant of new easements for the LES electrical lines and switch boxes.

12. Haymarket Parking Garage. Redeveloper shall have the right to lease up to sixty (60) parking stalls in the Haymarket Park Garage under parking permits issued by the City at the then-current monthly rates charged to other monthly parkers in said Haymarket Parking Garage. Said parking stalls will be available for all year round use (365 days a year).

Except as herein stated, the rights granted hereunder shall be similar to the monthly parking rights granted to monthly parkers in other City garages and in particular shall be subject to regular and timely payment of the monthly parking charges as the same may from time to time be established or revised by the City.

Monthly parking spaces will not be assigned within the Haymarket Parking Garage by the City, but the City may, at its option, segregate the location of those spaces devoted primarily to monthly parking from those devoted primarily to hourly parking and the City may designate the most convenient spaces or areas for hourly parking. This Paragraph shall survive the Tax Increment Period and continue thereafter.

13. Intentionally Omitted.

14. Issuance of City Purchased TIF Bond. On or after the date of this Agreement, the City shall issue a TIF Bond in an estimated amount of \$263,000 to be purchased by the City and receive TIF Proceeds to be deposited into a fund account ("Project Account") to be used for payment of the City's TIF Bond cost of issuance and the City's cost to construct the Public Improvements. TIF Proceeds shall be expended in the following priority:

FIRST PRIORITY: Reimburse the City for the cost of issuing the TIF Bond and appraisal costs for the S Street fair value vacation valuation, including but not limited to bond counsel fees, fiscal advisory fees, placement fees, capitalized interest, and reserves.

SECOND PRIORITY: Payment of cost to: (i) abandon the 6-inch sanitary sewer line in the east/west alley and design, relocate and install a sanitary sewer line as generally shown on Exhibit 4 ("Sanitary Sewer Improvements") and (ii) abandon the overhead LES electric lines in the east/west alley and design, relocate and install underground LES electrical lines as generally shown on Exhibit 5 ("LES Electric Improvements") provided that final costs and locations will be detailed in a relocation agreement with LES.

THIRD PRIORITY: Payment of the cost to design and install sidewalk and landscape improvements on the south side of S Street as generally shown on Exhibit 6 ("S Street Streetscape Improvements").

FOURTH PRIORITY: Payment of the cost to design and install the public sidewalk/street curb nodes, curbs and public driveway isle, subject to the Public Access and Utility Easement described herein for the proposed vacated S Street as generally shown on Exhibit 6 (collectively “S Street Public Access Improvements”). Payment of the cost for the S Street Public Access Improvements shall be contingent upon the City receiving from the abutting property owners the necessary signed Petitions to Vacate (on the City’s form) to vacate S Street from 8th Street to 9th Street and the City Council approving said vacation, subject to the City’s retention of the easements as shown on Exhibit 6.

15. Valuation of Property Within the Redevelopment Project Area. The City intends to use the Ad Valorem Tax Provision to generate TIF Proceeds which shall be used to finance the issuance of the TIF Bond and to construct the Public Improvements in accordance with this Redevelopment Agreement. The tax increment is to be derived from the increased valuation, determined in the manner provided for in Article 8, Section 12 of the Constitution of the State of Nebraska and the Community Act which will be attributable to the redevelopment contemplated under this Agreement. The TIF Tax Revenues which are to be used to pay debt service for the TIF Bond will be derived from the increased valuation from redeveloping the Project Site as provided in this Agreement. Redeveloper agrees not to contest any taxable valuation assessed for the Project Site and improvements thereon which does not exceed Two Million One Hundred Sixty Thousand and No/100 Dollars (\$2,160,000.00) commencing tax year 2008 and continuing for a period of not to exceed fifteen (15) years after the effective date hereof or so long as any portion of the TIF Bond with respect to the Redevelopment Project remains outstanding and unpaid, whichever period of time is shorter (“Tax Increment Period”).

16. S Street Public Parking Lot Improvements or S Street Public Access Improvements.

The Redeveloper shall use its best efforts to cause all the abutting property owners to deliver to the City the necessary signed Petitions to Vacate Public Way with Release and Waiver of Rights and Title and Quitclaim Deed to the City of Lincoln (on the City's form) to vacate S Street from 8th Street to 9th Street. In the event the City retains title to vacated S Street and elects to construct the Public Parking Lot Improvements, any remaining Project Account funds subject to the TIF funding priorities stated in Paragraph 14 above may be used for payment of the City's cost to design and construct the S Street Public Parking Lot Improvements. In the event vacated S Street is conveyed to Redeveloper, any remaining Project Account funds subject to the TIF funding priorities stated in Paragraph 14 above shall be used for payment of the City's cost to design and construct the S Street Public Access Improvements. If there are not sufficient Project Account funds, then the Redeveloper, or its successors and assigns, at its expense, may contribute the remaining cost for the design and construction of the S Street Public Access Improvements. In the event vacated S Street is conveyed to Redeveloper, said conveyance shall be subject to the City's retaining the proposed necessary temporary construction and permanent easement (on the City's form) to design, construct, maintain, repair and replace the S Street Public Access Improvements as generally shown on Exhibit 6; provided that during and after the Tax Increment Period the Redeveloper shall have the right to place bollards or barriers at the 8th Street entrance to said S Street Parking Improvement area to prevent public access over the public access easement on the scheduled dates of the University of Nebraska home varsity football games, subject to the supervision and directions of the City Public Works Department.

The design and installation of the S Street Public Parking Lot Improvements or S Street Public Access Improvements shall be contingent upon the City receiving from the abutting

property owners the necessary signed Petitions to Vacate (on the City's form) to vacate S Street from 8th Street to 9th Street and the City Council approving said vacation, subject to the City's retention of the easements as generally shown on Exhibit 6.

17. Restriction on Transfer. During the Tax Increment Period, Redeveloper will not (i) convey the Project Site or any portion thereof to any entity which will result in such property being exempt from ad valorem taxes levied by the State of Nebraska or any of its subdivisions; or (ii) in the event any portion of the underlying real estate is declared exempt from ad valorem taxes, then the Redeveloper shall annually pay a fee in lieu of the amount of the increment of the ad valorem taxes that would have been generated if the underlying real estate was not declared exempt from ad valorem taxes.

18. Financing Creating Encumbrances Restricted.

a. Prior to completion of Redeveloper Improvements, neither Redeveloper nor any successors in interest with respect to the Project Site shall engage in any financing or any other transaction creating any Deed of Trust or Mortgage upon the Project Site, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attached to any of such Project Site, except for the purposes of obtaining funds only to the extent necessary to design, construct, maintain, repair, replace and insure the Redeveloper Improvements. Prior to completion of Redeveloper Improvements, Redeveloper or any successor in interest as Redeveloper shall notify the City in advance of any financing secured by a Deed of Trust or Mortgage that it proposes to enter into with respect to Project Site, and shall promptly notify the City of any Deed of Trust or Mortgage that has been created on or attached to Project Site whether by voluntary act of Redeveloper or otherwise. Notwithstanding the above, if any involuntary encumbrance or lien is made on or attached to any of Project Site and which is contested by Redeveloper, then

Redeveloper may defend against such encumbrance or lien, provided that a sufficient bond or security is posted with the City and Redeveloper's lender to permit Redeveloper to avoid or prevent foreclosure of such encumbrance or lien. In addition, Redeveloper agrees that prior to completion of Redeveloper Improvements, any loan proceeds secured by any interest in the Project Site shall be used solely for the payment of costs and expenses related to the development of the Redeveloper Improvements. Redeveloper shall provide a copy of all draw requests and bank approvals related to the Redeveloper Improvements to the Director of Urban Development in a timely fashion.

b. In the event that any foreclosure of any Deed of Trust or Mortgage or other encumbrance should occur prior to completion of the Redeveloper Improvements or at any time when any casualty damage to the Redeveloper Improvements has occurred and has not been fully restored, any party who obtains title to any portion of the Project Site from or through Redeveloper or the holder of any Deed of Trust or Mortgage or any other purchaser at foreclosure sale shall be obligated to commence construction or reconstruction within three (3) months from the date of acquisition of title by said party and to complete construction or restoration within twenty-four (24) months from the date of such acquisition.

c. Notice of Default. Whenever the City shall deliver any notice or demand to Redeveloper with respect to any breach or default by Redeveloper of its obligations or covenants in this Agreement, the City shall at the same time forward a copy of such notice or demand to each Holder of any Deed of Trust or Mortgage at the last address of such Holder as shown in the records of the Register of Deeds of Lancaster County.

d. Option to Cure. If thirty (30) days after any notice or demand with respect to any breach or default, such breach or default remains uncured, each such Holder shall (and every Deed of Trust, Mortgage or other instrument of encumbrance made prior to completion of the

Redeveloper Improvements by Redeveloper or its successors in interest shall so provide) have the right, at its option, to cure or remedy such breach or default and to add the cost thereof to the debt and the lien of its Deed of Trust or Mortgage; provided, that if the breach or default is with respect to construction of the Project Site, nothing contained in this section or any other section of this Agreement shall be deemed to permit or authorize.

e. Rights Applicable to Other Forms of Encumbrance (Deed of Trust). The rights and obligations of this Agreement relating to Deed of Trust or Mortgages of any portion of the Project Site shall apply to any other type of encumbrance on any of the Project Site, and any of the stated rights, obligations and remedies of any party relating to deed of trust or mortgage foreclosures shall be applicable to procedures under any similar method of encumbrance.

19. Damage or Destruction of the Redeveloper Improvements. During the Tax Increment Period, Redeveloper agrees to keep the construction area and completed premises insured against loss or damage by fire, and such other risks, casualties, and hazards as are customarily covered by builders' risk or extended coverage policies in an amount not less than the replacement value but allowing for reasonable coinsurance clauses and deductibles. In the event of any insured damage or destruction, Redeveloper agrees to restore the Redeveloper Improvements to its prior condition within twelve (12) months from the date of the damage or destruction, and shall diligently pursue the same to completion. In the event Redeveloper fails to restore the same for any reason, Redeveloper shall pay to the City the amount of tax increment received by the City in the preceding year times the number of years remaining in the Tax Increment Period or shall payoff in full the TIF Bonds. During the Tax Increment Period, Redeveloper shall include by restrictive covenant an enforceable obligation on the Redeveloper or other owner or tenant in possession to maintain property insurance on an extended coverage all-risk basis in an amount not less than the replacement

value, allowing for reasonable coinsurance clauses and deductibles and also subject to the Redeveloper or other owner or tenant's obligation to restore the Redeveloper Improvements to its prior condition within twelve (12) months from the date of the damage or destruction, diligently pursuing the same to completion.

20. Condemnation. If during the Tax Increment Period, all or any portion of the Project Site is condemned by a condemning authority other than the City, and the condemning authority or its successor in interest would not be obligated to pay real estate taxes upon that portion condemned, the City shall be entitled to claim against the Condemner an interest in the property equal to the present value of the pro rata share of tax increment indebtedness outstanding as of the date of taking.

21. Representations. Redeveloper represents and agrees that its undertakings, pursuant to this Agreement, have been, are, and will be, for the purpose of redevelopment of Project Site and not for speculation in land holding.

22. Restrictions on Assignments of Rights or Obligations. Redeveloper represents and agrees that prior to completion of the Redeveloper Improvements provided for above there shall be no sale or transfer of the Project Site or assignment of Redeveloper's rights or obligations under this Agreement to any party without the prior written approval of the City (which shall not be unreasonably withheld, conditioned, or delayed), other than deeds of trust, mortgages and involuntary transfers by reason of death, insolvency, or incompetence. The City shall be entitled to require, as conditions to any required approval, that:

a. Any proposed transferee shall have the qualifications and financial responsibility, as determined by the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by Redeveloper; and

b. Any proposed transferee, by instrument satisfactory to the City and in form recordable in the Office of the Register of Deeds, shall for itself and its successors and assigns and for the benefit of the City, have expressly assumed all of the obligations of Redeveloper under this Agreement; and

c. There shall be submitted to the City for review, not less than ten (10) days prior to the proposed execution thereof, all instruments and other legal documents involved in the transfer or described in this Agreement; and if disapproved by the City, its disapproval and reasons therefore shall be indicated to Redeveloper in writing.

23. Representations and Warranties of Parties.

a. Redeveloper represents and warrants to City as follows:

i. Organization; Power; Good Standing. Redeveloper is a general partnership duly organized and validly existing in good standing under the laws of Nebraska. Redeveloper is qualified to do business in the State of Nebraska and has all requisite power and authority to own and operate its properties and carry on its business as now being conducted and to enter into this Agreement and perform the obligations hereunder.

ii. Authority Relative to Agreement. This Agreement has been duly executed and delivered by Redeveloper and constitutes a legal, valid and binding obligation of Redeveloper, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, or other laws affecting the enforcement of creditor's rights generally, or by judicial discretion in connection with the application of equitable remedies.

iii. Effect of Agreement. The execution, delivery and performance of this Agreement by Redeveloper have been duly authorized by all necessary action by Redeveloper and except as provided in this Agreement will not require the consent, waiver, approval, license or

authorization of any person or public authority, and will not violate any provision of law applicable to Redeveloper, and will not violate any instrument, agreement, order, judgment, decree, statute, regulation, or any other restriction of any kind to which Redeveloper is a party.

b. City represents and warrants to Redeveloper as follows:

i. Authority Relative to Agreement. This Agreement has been duly executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, or other laws affecting the enforcement of creditor's rights generally, or by judicial discretion in connection with the application of equitable remedies.

ii. Effect of Agreement. The execution, delivery and performance of this Agreement by City have been duly authorized by all necessary action by City and except as provided in this Agreement will not require the consent, waiver, approval, license or authorization of any person or public authority, and will not violate any provision of law applicable to City, and will not violate any instrument, agreement, order, judgment, decree, statute, regulation, or any other restriction of any kind to which City is a party.

24. Remedies. Except as otherwise provided in this Agreement, in the event of any default in performance of this Agreement by the City or Redeveloper, the party in default shall, upon written notice from the other, proceed immediately to cure or remedy such default within thirty (30) days after receipt of notice. However, if the default cannot, in the exercise of reasonable diligence, be cured within thirty (30) days, then the defaulting party shall commence efforts to cure and shall diligently continue to cure the default. In the default is not cured, the non-defaulting party may institute any proceedings at law or inequity which may be necessary to cure and remedy the default.

25. Waiver. The parties shall have the right to institute actions or proceedings as they may deem necessary to enforce this Agreement. Any delay in instituting any action or otherwise asserting rights under this Agreement shall not operate as a waiver of rights or limit rights in any way.

26. Delay in Performance For Causes Beyond Control of Party. The parties or their successors or assigns shall not be in default of their obligations for delay in performance due to causes beyond their reasonable control and without their fault, including but not limited to acts of God, acts of the public enemy, acts of the federal or state government or subdivisions thereof, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, shortages of labor or materials, or delays of contractors, or subcontractors due to such causes. The purpose and intent of this section is that in the event of the occurrence of any such delay, the time for performance of the obligations of either party with respect to construction of improvements shall be extended for the period of delay. However, in order to obtain the benefit of the provisions of this section, the party seeking the benefit shall within twenty (20) days after the beginning of the delay of performance notify the other party in writing of the cause and the reasonably expected length of delay.

27. Agreement to Pay Taxes. Redeveloper agrees to pay all real property taxes levied upon the Project Site prior to the time the taxes become delinquent. This contractual obligation to pay such taxes prior to delinquency shall cease upon expiration of the Tax Increment Period, but the City in no way waives the statutory obligation to continue to pay real estate taxes. This provision shall not be deemed a waiver of the right to protest or contest the valuation of the lots or improvements for tax purposes.

28. Rights and Remedies Cumulative. The rights and remedies of the parties to this Agreement shall be cumulative and the exercise by either party of anyone or more remedies shall

not preclude the exercise by it of any other remedies for any other default or breach by the other party. A waiver of any right of either party conferred by this Agreement shall be effective only if in writing and only to the extent specified in writing.

29. Conflicts of Interest: City Representatives Not Individually Liable. No officer or employee of the City shall have any personal interest, direct or indirect, in this Agreement. No official or employee of the City shall be personally liable to Redeveloper or any successors in interest due to any default or breach by the City under the terms of this Agreement.

30. Notices and Demands. A notice under this Agreement by a party to the other party shall be deemed delivered on the date it is postmarked, sent postage prepaid, certified or registered mail, or delivered personally to Redeveloper at 440 North 8th Street, Suite 140, Lincoln, NE 68508, with a copy to Seacrest & Kalkowski PC, LLO, 1111 Lincoln Mall, Suite 350, Lincoln, NE 68508 and to the City at Mayor's Office, 555 South 10th Street, Lincoln, NE 68508, with a copy to City Attorney's Office, 575 South 10th Street, Lincoln, NE 68508, or at such other address with respect to either party as that party may from time to time designate in writing and notify the other as provided in this section.

31. Access to Project Site. During construction of the Redeveloper Improvements, Redeveloper shall permit the representatives of the City to enter all areas of the Project Site and at any and all reasonable times, as the City may deem necessary for the purposes of inspection of work being performed in connection with the construction of the facility.

32. Provisions Run With the Land. This Agreement shall run with the Project Site and shall inure to and bind the parties and their successors in interest. This Redevelopment Agreement or a Memorandum hereof shall be recorded with the Register of Deeds of Lancaster County, Nebraska, against the Project Site, at the City's expense.

33. Headings. Headings of the sections of this Agreement are inserted for convenience only and shall be disregarded in interpreting any of its provisions.

34. Severance and Governing Law. Invalidation of any provision of this Agreement by judgment or court order shall not affect any other provisions which shall remain in full force and effect. This Agreement shall be construed and governed by the laws of Nebraska.

35. Expiration of Agreement. Unless otherwise expressly stated herein, the terms and conditions of this Agreement shall expire upon expiration of the Tax Increment Period. The City and Redeveloper each agree to execute any release necessary to be filed of record to evidence such expiration or termination of such terms and conditions.

36. Counterparts. This Agreement may be executed in one or more counterparts which, when assembled, shall constitute an executed original hereof.

Executed by **City** this ____ day of _____, 2008.

ATTEST:

CITY OF LINCOLN, NEBRASKA
a municipal corporation

City Clerk

By: _____
Chris Beutler, Mayor of Lincoln

STATE OF NEBRASKA)
)ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2008, by Chris Beutler, Mayor of the City of Lincoln, Nebraska, a municipal corporation.

(SEAL)

Notary Public

Executed by **Redeveloper** this _____ day of _____, 2008.

SAWMILL BUILDING PARTNERSHIP,
a Nebraska general partnership

By: _____
General Partner

STATE OF NEBRASKA)
)ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by _____, General Partner of behalf of Sawmill Building Partnership, a Nebraska general partnership, on behalf of the general partnership.

(SEAL)

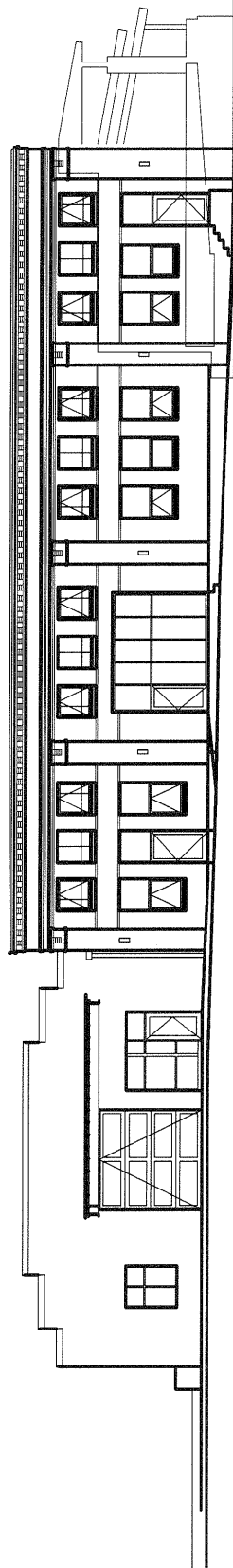
Notary Public

Exhibit 1

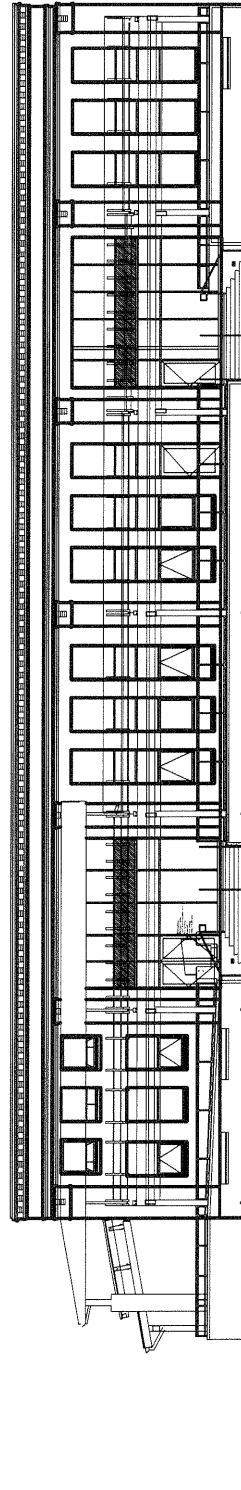


PROJECT AREA

Exhibit 2



NORTH ELEVATION

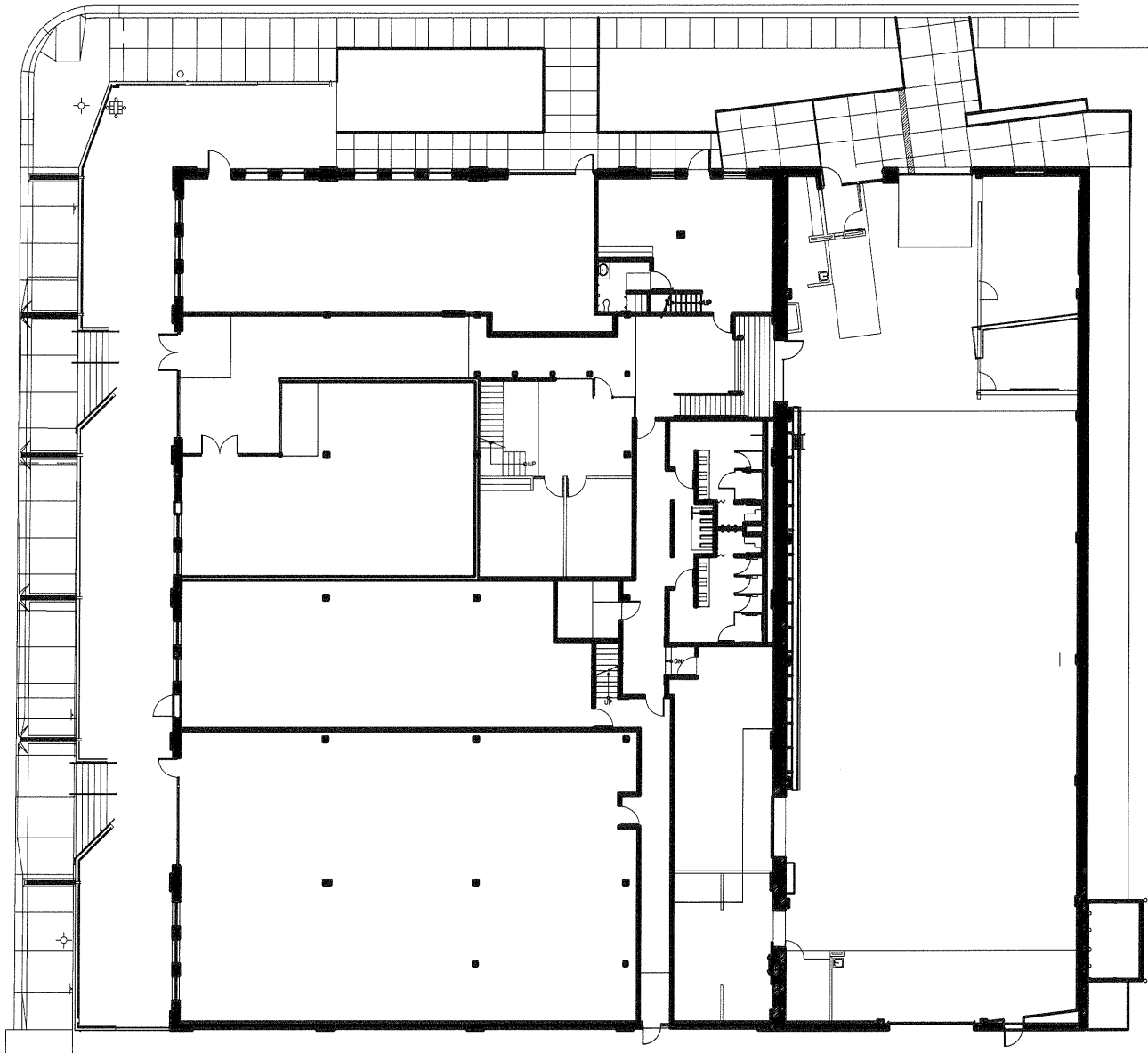


WEST ELEVATION

NORTH ELEVATION - WEST ELEVATION



Exhibit 2.1



FLOOR PLAN

SAWMILL BUILDING FLOOR PLAN

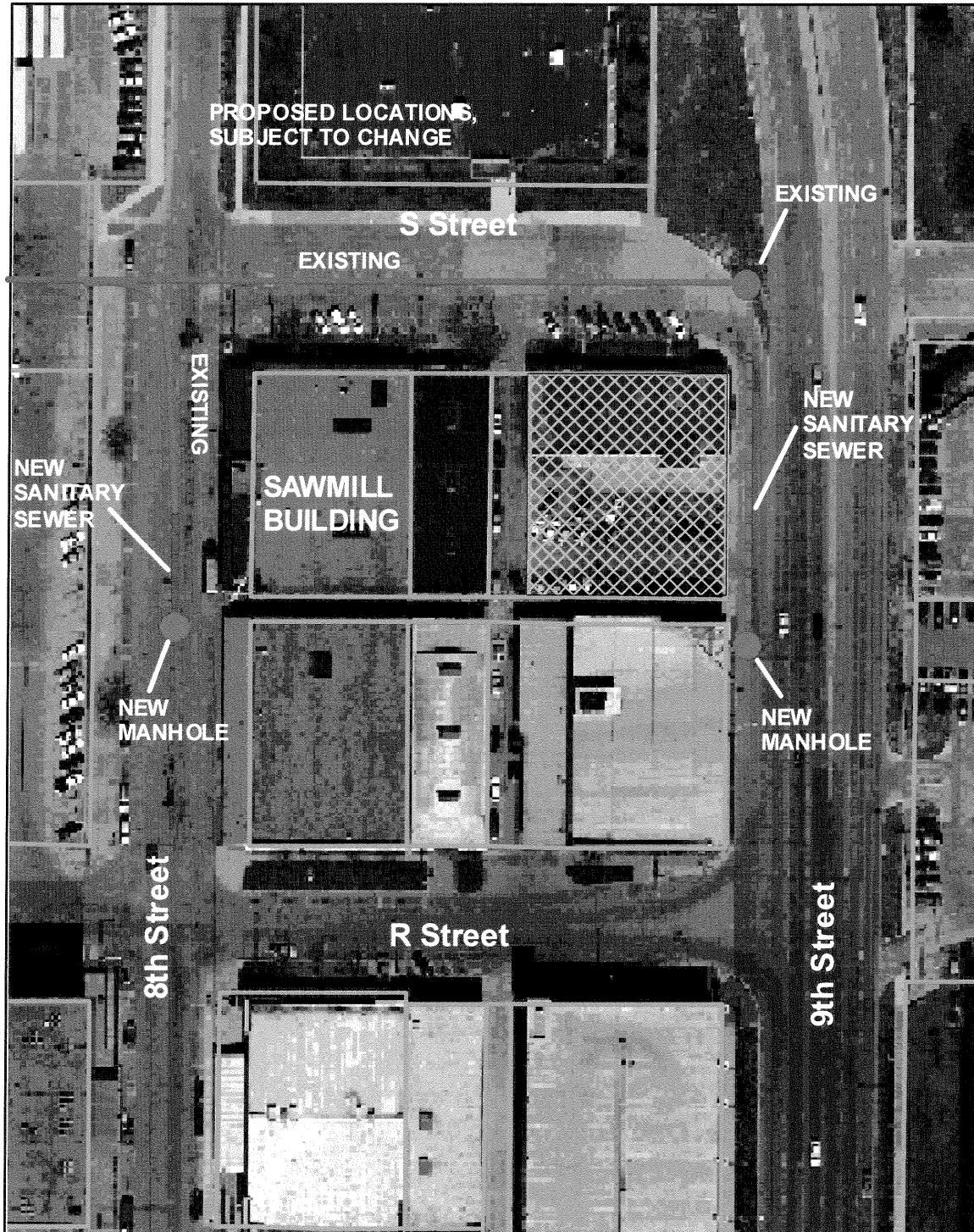






Exhibit 3



S STREET & ALLEY VACATION

Exhibit 4

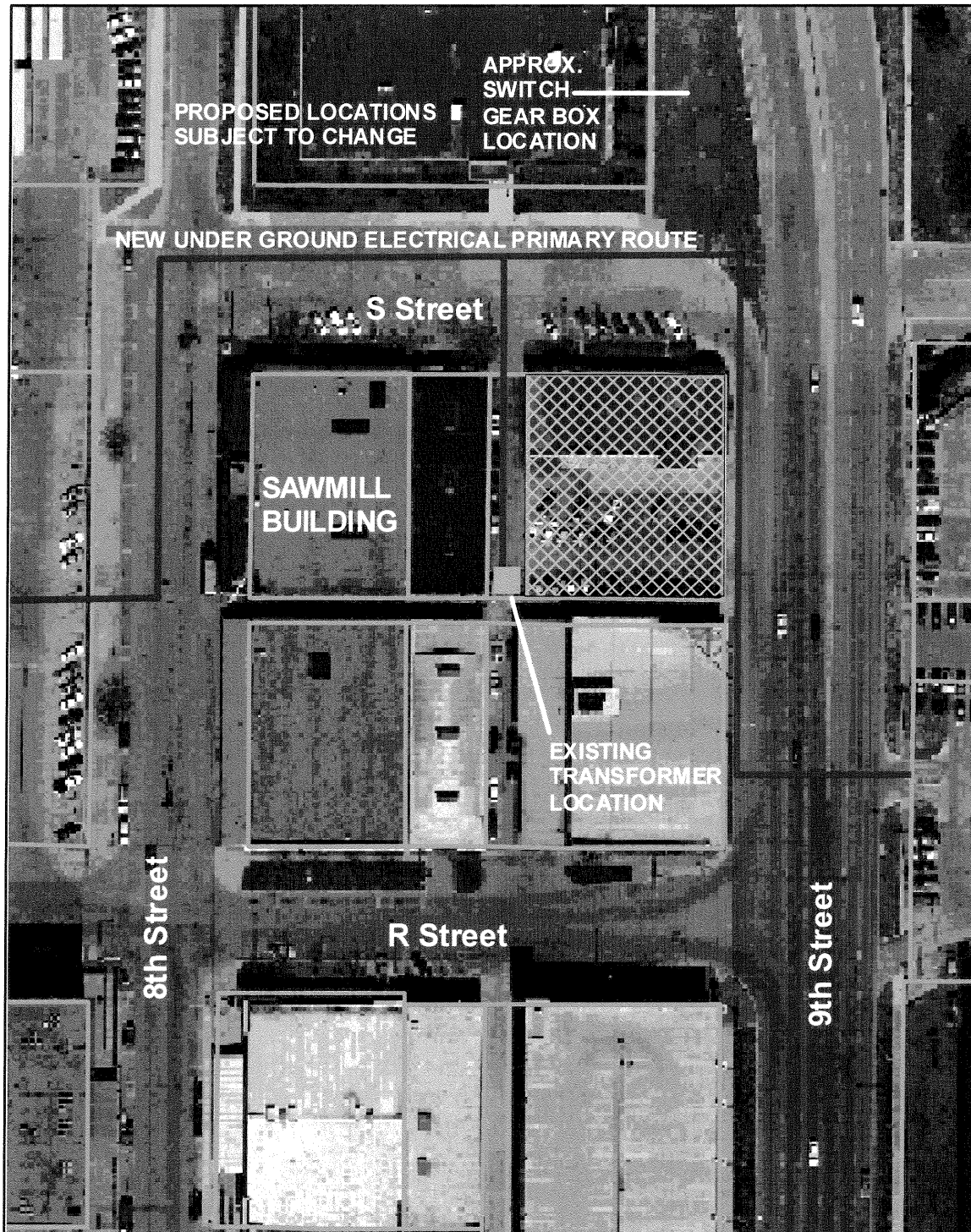


-  AREA NOT INCLUDED IN PROJECT
-  PARCEL AREAS
-  EXISTING SANITARY SEWER
-  NEW SANITARY SEWER

SANITARY SEWER

F

Exhibit 5



-  AREA NOT INCLUDED IN PROJECT
-  PARCEL AREAS
-  UNDER GROUND PRIMARY
-  EXISTING TRANSFORMER
-  SWITCH GEAR BOX

LES ELECTRICAL

F

[illegible]

PUBLIC ACCESS AND UTILITY EASEMENT

S STREET VACATION PARKING AREA